GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2294
ANSWERED ON:29.07.2016
Money Laundering in Banks
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Will the Minister of FINANCE be pleased to state:

(a) whether the cases of remittance of money abroad by various individuals/organisations through their bank accounts contrary to the provisions of the Prevention of Money Laundering Act have come to the notice of the Government across the country in the recent past;
(b) If so, the details thereof, bank and State-wise during each of the last three years and the current year;
(c) The number of bank officials found involved in such transactions along with the action taken/being taken by the respective bank against them during the said period, bank-wise;
(d) whether such remittance are not reported upon by the Auditors of the banks during the said period, if so, the details of such cases along with the action taken against such Auditors; and
(e) the other steps taken/being taken by the Government to prevent occurrence of such cases in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) Yes, Sir.
(b) & (c) As per Annexure
(d) & (e) For implementation of the Prevention of Money Laundering Act and Rules, etc., the Department of Banking Regulation, Reserve Bank of India has been issuing instructions to banks and other Regulated Entities (Res). These instructions have been included in RBI's Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25,2016 on KYC Norms. In terms of this Master Direction, the Regulated Entities(Res) of the Reserve Bank of India, including the banks, are required to follow certain customer identification procedure while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions.
RBI has also issued Master Direction on "Frauds − Classification and reporting" vide RBI. DBS.CFMC.BC.No.1/23.04.001/2016-17 dated July 01,2016 containing all the details/aspects relating to frauds. The same is also available on the website of RBI i.e.www.rbi.org.in. On receipt of fraud reports from banks, various aspects related to the frauds are examined and concerned banks are advised to report the case to CBI/Police/SFIO, examine staff accountability, complete proceedings against the erring staff expeditiously, take steps to recover the amount involved in the fraud, claim insurance wherever applicable and streamline the system as also procedures so that frauds do not recur.